

Drug Coverage In Metropolitan and Non-metropolitan Areas, 1997

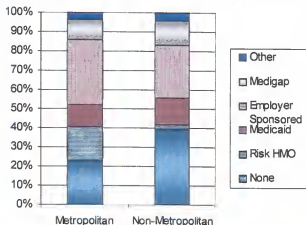
In 1997 beneficiaries living in non-metropolitan areas were less likely to have drug coverage than those living in metropolitan areas. A major reason for the disparity was the small number of beneficiaries in non-metropolitan areas that were enrolled in Medicare risk HMOs. Regardless of type of drug coverage, beneficiaries living in non-metropolitan areas paid a larger portion of their total drug expenses out of pocket than beneficiaries living in metropolitan areas.

Forty percent of beneficiaries living in non-metropolitan areas were without drug coverage in 1997 versus about one-quarter of beneficiaries without coverage in metropolitan areas. In 1997 the largest source of drug coverage for beneficiaries in both metropolitan and non-metropolitan areas was an employer-sponsored supplemental plan. Medicaid was the second largest provider of drug benefits for beneficiaries living in non-metropolitan areas, reflecting generally lower income levels in those areas. Medicaid drug coverage accounted for 24 percent of coverage in non-metro areas. Twenty-one percent of beneficiaries with coverage in non-metro areas and 14 percent of beneficiaries with coverage in metro areas received their coverage through a privately purchased Medigap plan.

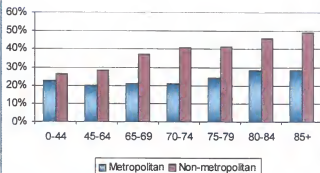
One reason for the large disparity in coverage rates was the small percentage of beneficiaries in non-metropolitan areas that are in risk HMO plans. Risk HMO plans accounted for 23 percent of the drug coverage in metropolitan areas and 3 percent of the coverage in non-metropolitan areas. The low risk HMO membership rates were partly a result of lack of availability--in 1997, eighty-seven percent of beneficiaries in metropolitan areas and only 36 percent of beneficiaries in non-metropolitan areas had a risk HMO plan available to them.

The oldest beneficiaries were the least likely to have coverage in both populations, but the disparity was even

Source of Prescription Coverage for Beneficiaries in Metropolitan and Non-metropolitan Areas: 1997



Percent of Beneficiaries Without Drug Coverage, by Age and Metropolitan Status: 1997



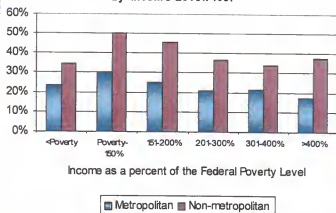
greater for those in non-metropolitan areas. Nearly half of beneficiaries 85 or older living in non-metropolitan areas did not have drug coverage.

Beneficiaries with incomes just above the level where Medicaid assistance was available were the least likely to have drug coverage in both metropolitan and non-metropolitan areas. In non-metropolitan areas, however, the percent of uncovered was especially high-- 50 percent for beneficiaries with incomes between the poverty level and 150 percent of poverty.

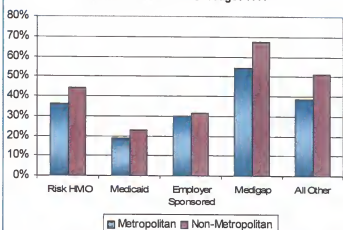
In 1997, beneficiaries with drug coverage living in non-metropolitan areas paid more out of pocket for prescription drugs, than those living in metropolitan areas. The higher out of pocket costs (\$310 versus \$265) reflected the larger number of prescriptions used by beneficiaries living in non-metropolitan areas and a larger share of total drug expenses that beneficiaries living in non-metropolitan areas paid. Regardless of the type of drug coverage, beneficiaries living in non-metropolitan areas paid a higher proportion of their total drug expenses--an average of 37 percent in 1997 versus 33 percent paid by beneficiaries living in metropolitan areas.

The largest out of pocket costs for beneficiaries with prescription drug coverage were for those with incomes between the poverty level and 200 percent of poverty. This group of beneficiaries was less likely to have had an employer-sponsored plan, which typically provides more generous drug coverage than most other insurers and more likely to have had a medigap plan, which generally has high deductibles, high coinsurance, and an annual limit on covered expenses. Medigap plans were even more dominant in non-metropolitan areas where risk HMO plans were not available.

Percent of Beneficiaries Without Drug Coverage, by Income Level: 1997



Percent of Drug Costs Paid for Out of Pocket by Beneficiaries with Coverage: 1997



Average Out of Pocket Spending for Beneficiaries with Drug Coverage, by Income Level: 1997

